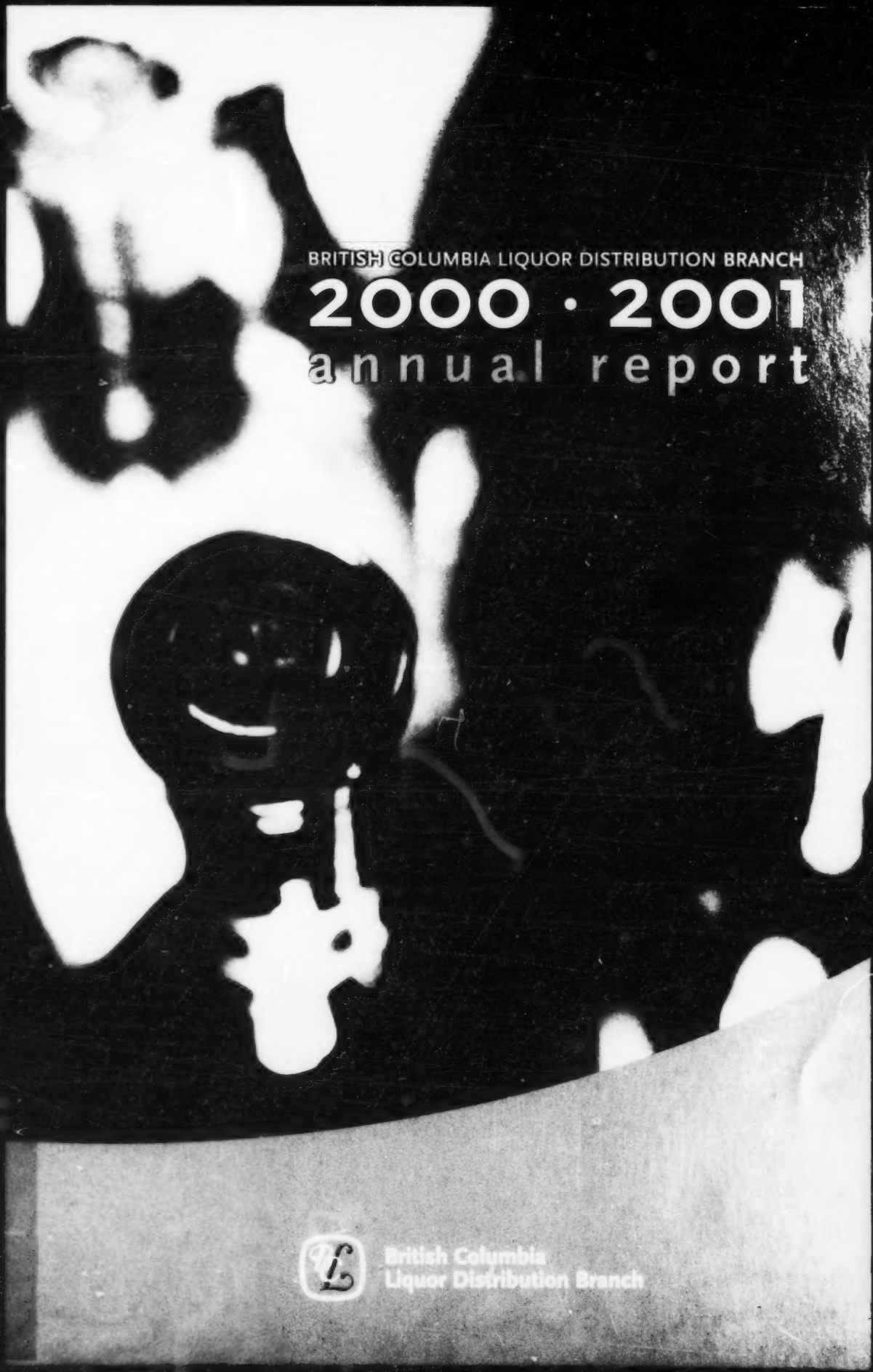

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

2000 · 2001 annual report

British Columbia
Liquor Distribution Branch

Corporate Profile

The Liquor Distribution Branch (LDB) regulates the distribution, importation and retailing of beverage alcohol in the province of B.C. by mandate of the *Liquor Distribution Act*.

LDB resources include:

- 222 government liquor stores
- Two distribution centres
- More than 3,500 full and part-time employees

LDB operating business departments include:

- Retail Services (Store Operations, Distribution, Property Management and Merchandise Services)
- Finance
- Human Resources
- Information Services
- Corporate Policy
- Communications
- Corporate Strategy & Change Management
- Loss Prevention
- Legal Services
- Audit

As well, the LDB oversees retail operating agreements with:

- 144 Rural Agency Stores
- 289 Licensee Retail Stores
- 23 Consignment Agency Stores
- 96 Private Wine Outlets

For fiscal year 2000/01, the LDB, led by a general manager and an executive team, was a special operating agency under the Ministry of Small Business, Tourism and Culture. For performance planning and financial management, the LDB reports to the Crown Corporation Secretariat.

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BRITISH COLUMBIA

The Honourable Rick Thorpe
Minister of Competition, Science and Enterprise
Parliament Buildings
Victoria, B.C.

Sir:

It is my pleasure to hereby transmit the 80th Annual Report of the Liquor Distribution Branch, for the year ended March 31, 2001.

Donald Lietch
Deputy Minister
July 13, 2001

Ministry of Competition, Science and Enterprise

Office of the Deputy Minister

Mailing Address:
PO Box 9324 Stn Prov Govt
Victoria BC V8W 9N3

Location:
1810 Blanshard Street, Victoria

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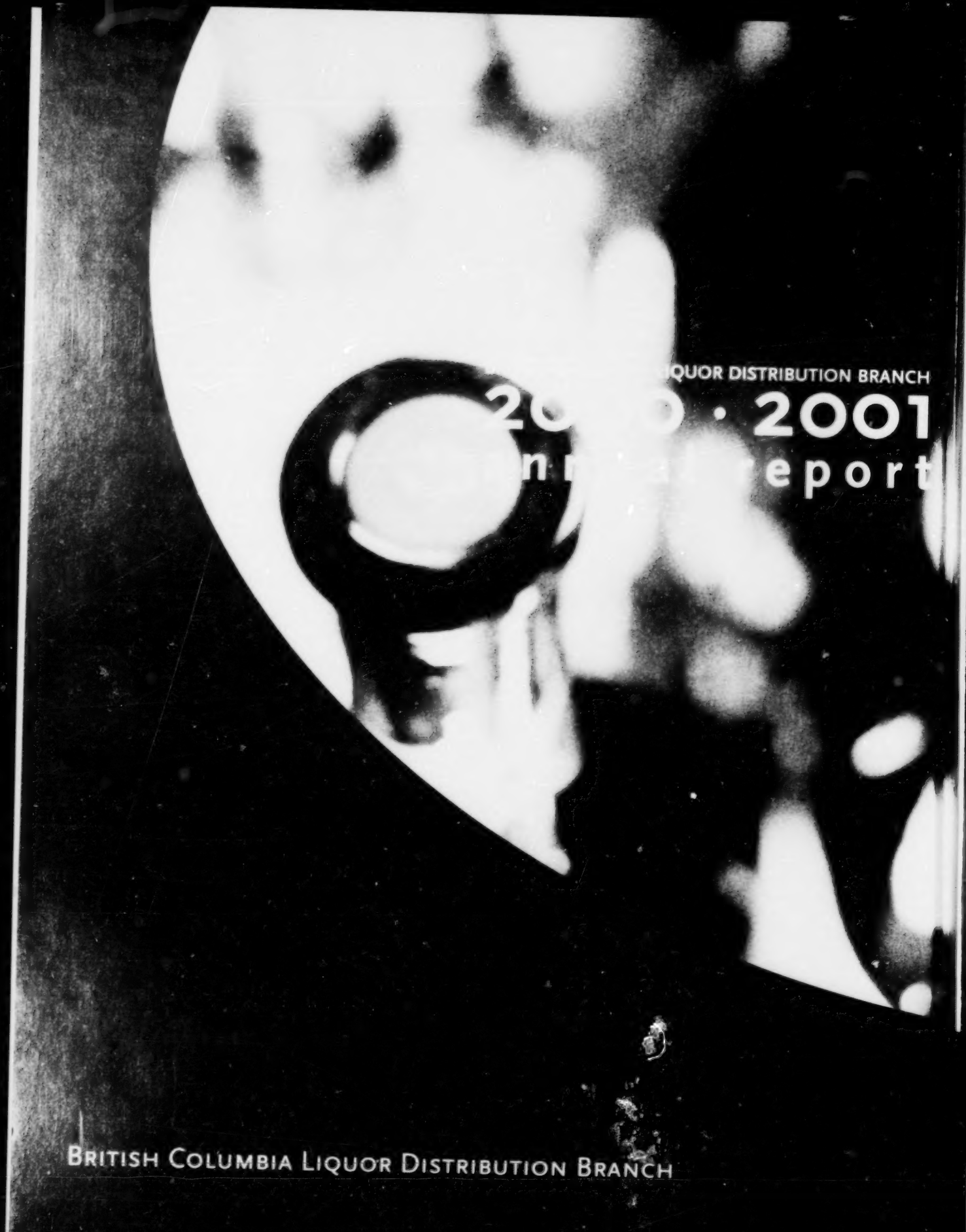

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

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Mission

The mission of the British Columbia Liquor Distribution Branch is to be a customer-focused, profitable and socially responsible retailer of beverage alcohol and to impartially regulate the distribution and sale of beverage alcohol in the province of British Columbia.

Executive Organization
As of March 31, 2001

General Manager
Jay Chambers

Executive Administrative Assistant
Cindy Dahlke

Executive Director, Finance
Roger Bissoondatt

Executive Director, Retail Services
Kelly Conrad

Legal Counsel
Catherine Sloan

Executive Director, Human Resources
Conny Nordin

Director, Store Operations
Bill Hall

Acting Director, Distribution
Brian Tuckey

Acting Director, Loss Prevention
Donna Morse

Director, Merchandise Services
Michael Procopio

Director, Property Management
Brian Anderson

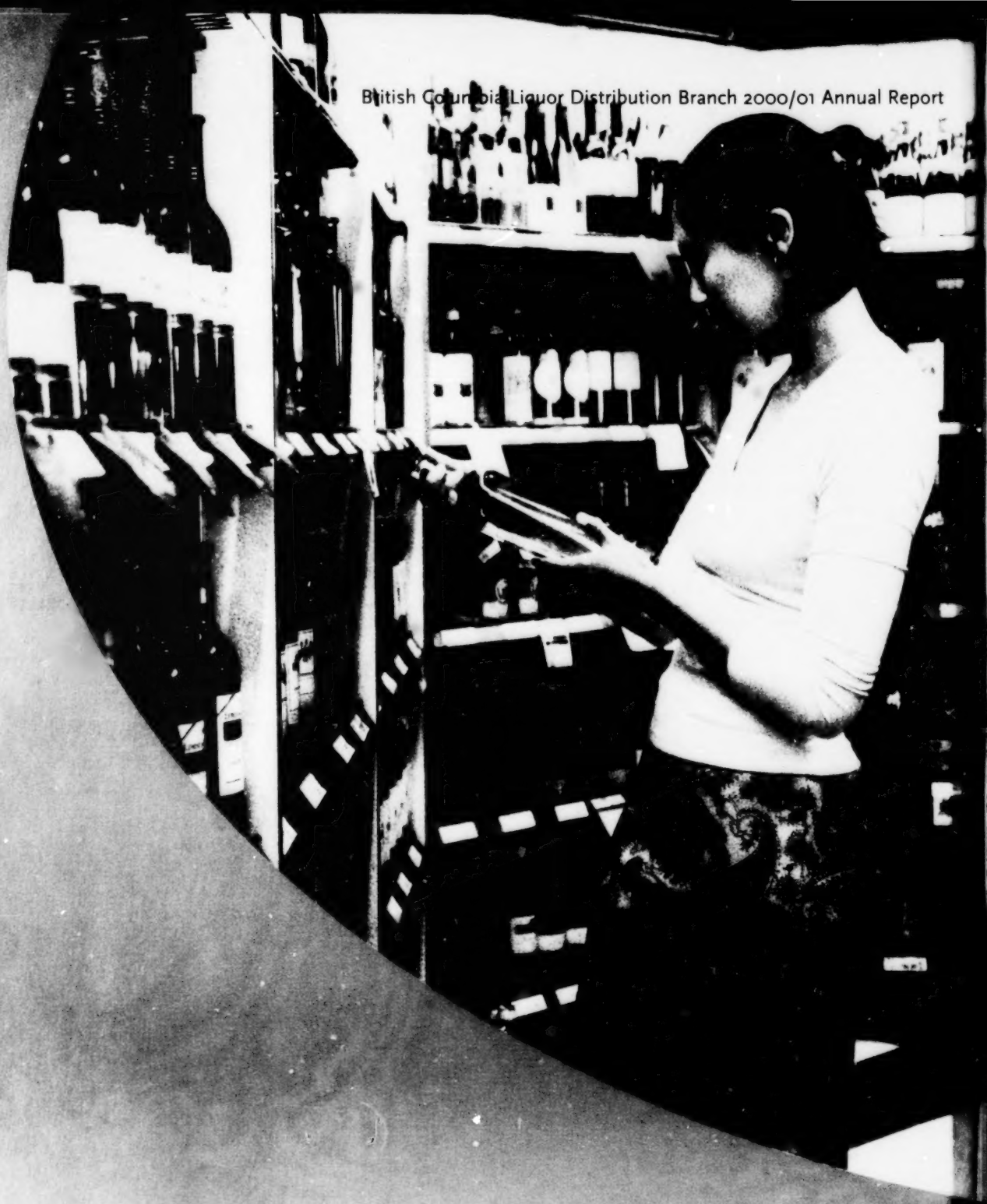
Director, Information Services
Don Farley

Director, Corporate Strategy and Change Management
Bruce Logan

Director, Corporate Policy
Gordon Hall

Manager, Communications
Kate Pasieka

Chief Auditor
Rita Bittel



Vision

The British Columbia Liquor Distribution Branch will be recognized as a world class retailer in each of the communities we serve. We will achieve this through the provision of excellent products, services and relationships with customers and stakeholders at every level. We will constantly strive for the greatest possible value for our people, customers and stakeholders.

Message from the General Manager

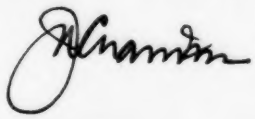
As British Columbia's largest retailer, we strive to be an exemplary and successful retail corporation, building our strategies and initiatives on our four pillars of excellence—Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility—which in turn support our Financial Objectives.

In fiscal year 2000/01, we've exceeded our financial targets. The LDB's net income was over $642 million, an increase of $25 million from the previous fiscal year. Total beverage sales increased to almost $1.72 billion, up from $1.66 billion last year. All product categories reported increased sales with the exception of draught beer.

Throughout the year, our retail store redesigns and relocations continued to provide improved customer service, with major renovations in three stores, including our award-winning Orchard Park store in Kelowna. Launching into corporate technological change, the LDB introduced a wireless warehouse system to handle all product activity within its Vancouver distribution centre. In addition, the branch began the implementation of a new Retail Management System to modernize cash register and retail functions in all stores in the coming year.

With the labour market changing rapidly, an Employment Systems Review was initiated to look at the issues of equity and diversity, including how we can improve hiring practices and access to development opportunities. A new highlight of our *Social Responsibility* program was the implementation of a Dry Grad campaign, which raised over $111,000 to help fund alcohol-free graduation celebrations for high school students throughout the province.

In 2000/01, we continued moving toward our vision of being a first-class retailer. I thank all LDB employees for their dedication and innovation—it is through you that our vision and values come alive. I also thank our business partners for their support as we continue to evolve in a rapidly changing marketplace. And I thank our customers—our ultimate purpose is to serve you well.



Jay Chambers
General Manager
July 9, 2001

British Columbia Liquor Distribution Branch

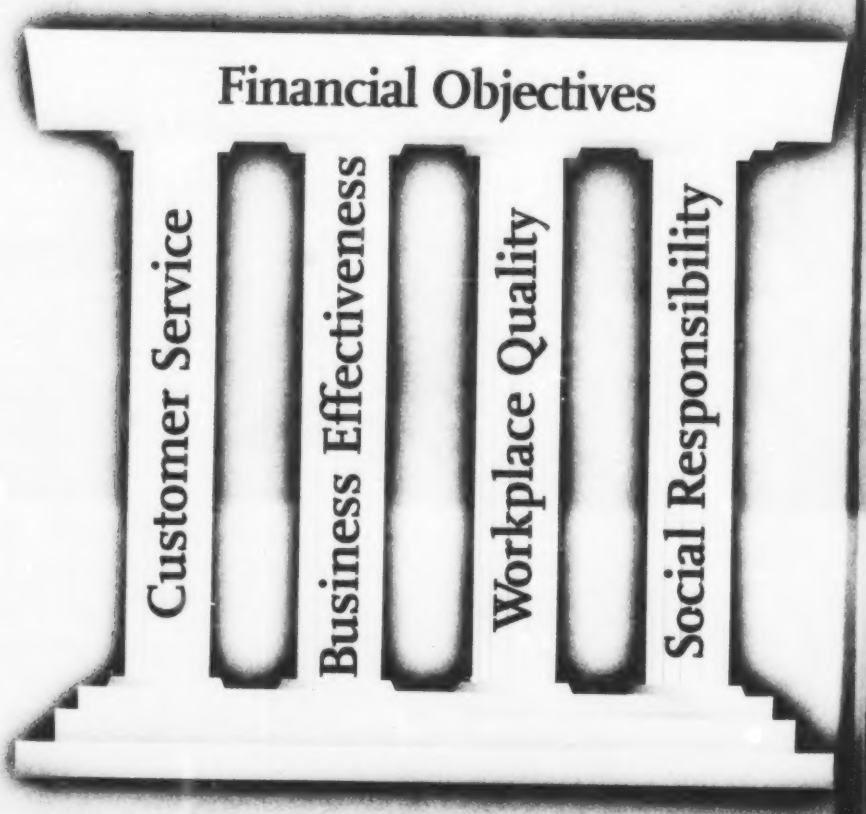
Financial Objectives

Sales Results

Fiscal year 2000/2001 was another success for the LDB, with beverage alcohol sales increasing to $1.72 billion, up from $1.66 billion the previous fiscal year. All product categories experienced growth in sales with the exception of draught beer. Refreshment beverage (cider/cooler) sales increased by 8.4 per cent, packaged beer by 3.8 per cent, spirits by 3.7 per cent and wine by 2.6 per cent.

In an industry affected by the trend toward drinking less but drinking better, the increase in beer sales was fueled by the import beer sector. The other area with comparable growth was "cooler" sales, with a 17.6 per cent increase largely attributable to dynamic new products—such as Smirnoff Ice—which generated sales of more than $3 million in its first four months on the shelf. Similarly, in the spirits category, the popular tequila/cream liqueur Baja Rosa generated sales of $4.2 million in the last 12 months.

The domestic wine market was driven by a significant increase in VQA sales, up 18.6 per cent from last year. Australia, France and Italy, with a combination of excellent vintages and diminished currencies, led the improvements in the import wine sector.



For the past six years, the LDB has organized its strategic priorities and key objectives around the concept of four pillars: Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility. These pillars in turn support the Financial Objectives.

The four pillars embody the following goals:

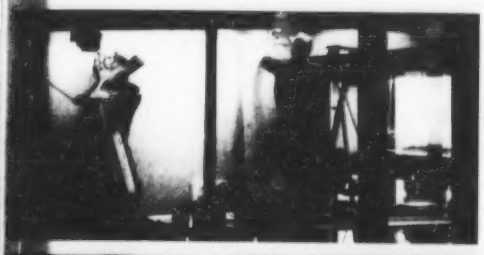
Customer Service
Understand and meet the needs of our retail customers, business partners and internal customers by having the right product or service in the right place at the right time, delivered by friendly, courteous and knowledgeable staff.

Business Effectiveness
Manage internal business practices in a constant climate of continuous improvement, operating efficiencies and value added.

Workplace Quality
Employ a workforce of motivated and satisfied employees who pull together effectively in groups and teams, and who are confident that their work environment is safe.

Social Responsibility
Achieve recognition in the industry and community in the promotion of responsible drinking, and as an organization that is reducing its impact on the environment.

Customer Service



Store System Retail Plan

The branch continued to roll out its retail model for the store system, renovating and relocating stores to provide improved customer service. The design and decor format focuses on creating an inviting shopping experience, using warm, earthy colours and textures, floor and lighting treatments and an entertaining use of signage.

This format was part of the striking redesign at the Orchard Park Liquor Store in Kelowna. This "destination" location for the Okanagan received a major upgrade with features that included separate interior themes, a Destination B.C. section highlighting the fine wines of British Columbia, a wine "cellar" area to promote rare products from around the world, special fixtures to enhance the presentation of premium products and a separate tasting room. The Orchard Park store is an example of the "hub and spoke" concept, where a large central store is developed in a commercial retail environment or "hub," and smaller "neighbourhood" stores, geared more toward convenience, form the "spokes."

Major renovations were completed at the North Kamloops and Willowbrook (Langley) stores, and smaller renovations were undertaken at a number of other locations. The branch relocated four stores including Sidney (Victoria), Sardis (Chilliwack), Castlegar and Winfield (Kelowna) in its ongoing efforts to offer customers more convenient and accessible locations.

The LDB continued to work with industry partners to develop creative ways of presenting products to customers. A new "Wines of the Northwest" section was introduced in key stores, and presentations were improved in the Australian and South American sections.

The Buy BC Program

During 2000/2001, the LDB continued to support the *Buy BC* program through the identification and promotion of products made and produced in the province. Compared to the previous year, sales of British Columbia products increased by 2.8 per cent in volume and 2.4 per cent in dollars.

BCL Holiday Stores

The LDB continued its *Seasonal Stores* program, opening outlets from mid-November through December in five conveniently located malls including Pacific Centre in Vancouver, Seven Oaks in Abbotsford, Mayfair in Victoria, Richmond Centre in Richmond and Woodgrove in Nanaimo. The stores offered a wide selection of great gift ideas and generated a total of $1,150,000 in sales over a six-week period.

Matters of Taste Magazine

In late November 2000, BC Liquor Stores published the inaugural issue of a new quarterly magazine, *Matters of Taste*. Free to all BC Liquor Store customers, *Matters of Taste* featured food and drink recipes, tips for using different products, entertainment suggestions and a B.C. Homegrown page highlighting the best of our local industry. Regular features included articles written by our own expert Product Consultants. The second issue, published in March 2001, highlighted the wines of Spain and the Vancouver Playhouse International Wine Festival.

Customer Service

Kelowna's Orchard Park liquor store underwent an extensive redesign that included a Destination B.C. section highlighting the fine wines of B.C., a wine "cellar" area to promote rare products from around the world, special fixtures to enhance the presentation of premium products and a separate tasting room.

Customer Service

In November, the LDB published the inaugural issue of a new quarterly magazine, Matters of Taste, *featuring food and drink recipes, tips for product use, entertainment suggestions and a B.C. Homegrown page.*

Matters of Taste Online

In its first year on the Internet, the LDB's Web site received over half a million hits and over 5,000 unique visits each month. Throughout the year, *Matters of Taste* at **www.bcliquorstores.com** continued to improve both visually and functionally, with the primary goal of providing customers with knowledge about BC Liquor Store services, products and our 222 locations. It also offered information on select product promotions, LDB alcohol awareness programs and special occasion licence applications.

Spice Up Your Life Promotion

In recognition of the LDB's diverse and changing market, BC Liquor Stores featured four *Spice Up Your Life* promotions. Each one profiled the food and spices of a different culture and included wine recommendations to complement the exotic dishes. Customers were offered collectable recipe cards in English or Cantonese.

Retail Management Training

The Training and Development (T&D) department continued to deliver supervisory training to existing and potential managerial staff through the *Principles of Supervision* and *Assistant Manager Training* programs. Seventeen employees who started the *Assistant Manager Training* program in 1999 graduated in October 2000. Another group is slated to finish in June 2001, and two more groups of 20 started in October and November. The six-module program covered customer service delivery, financial and product management and effective employee relations. The training also included a 70-hour, in-store practicum. T&D also designed and delivered a two-day Microsoft Windows office tools training program for managers and assistant managers to help integrate the branch's new Retail Management System (RMS).

Customer Service Training

The Training and Development department continued to deliver training and informational programs in support of improved customer service. During the year, 150 employees participated in the two-day *Progressive Retailing* program, learning practical skills to enhance customer service delivery.

The department continued to provide a range of *Product Knowledge* programs, from introductory segments for new employees to practical work experience for VQA or beer advocates. With a focus on customer service and multiculturalism, the government-wide *Culturally Responsive Service Delivery* program was delivered to 22 liquor store employees from Vancouver Island, the Interior and throughout the Lower Mainland.

Seven issues of the *Customer Service Poster Series* were produced and distributed to all LDB stores: four covering tips related to exceptional customer service delivery, and three related to specific and seasonal product categories. The posters were supplemented by booklets with useful product information and a range of food and drink recipes.

Customer Satisfaction Survey
During the fiscal year 2000/01, the LDB's strategic plan established a goal of 90 per cent customer satisfaction rate, up from 85 per cent in past years. In order to continuously focus on customer expectations and correlate the results to training initiatives, every store was measured at least once during an eighteen-month period. The customer satisfaction rate has been measured since 1996, and over 70,000 respondents have indicated they are more than satisfied with the service at BC Liquor Stores.

Business Effectiveness

Retail Management System (RMS)
The LDB purchased the hardware and software to replace store cash registers and related computer systems with a modern Retail Management System featuring state-of-the-art barcode scanning and inventory tracking. The testing of the new equipment has been partially completed. The new system will speed up customer transactions and has the ability to be adapted to new developments in retail technologies.

Warehouse Operating System
Work began on the development of the new Warehouse Operating System (WOS), a wireless, paperless system that will facilitate product shipping, receiving and data collection associated with distribution. The WOS project complements the RMS project and is targeted to be in use by October 30, 2001. Under the WOS—a Web-enabled, real-time system—all products will be fully locatable in each distribution centre. This supports the strategic objective of 100 per cent accuracy for order fill rates.

Technology Strategy
The Information Services department completed a number of projects, several of which supported the RMS project. A new Support Centre model was introduced to support the RMS rollout in the stores, at the same time improving the LDB's Call Centre. E-mail, Internet and Microsoft tools were implemented in all stores to increase effectiveness of operations. Internet access has allowed store staff to research product information and to access the LDB's Web site, *Matters of Taste*.

A feasibility study was conducted on a new data warehouse that will help leverage the RMS by providing more analytical data. The study—which included an analysis regarding its benefits for the LDB—surveyed users to identify opportunities for better access to information regarding labour, products and store transactions.

The department completed a study of e-business opportunities for the LDB, looking at the business and technical aspects—including business and infrastructure challenges—involved in supporting e-business. Work also began on building the foundation of the LDB's Intranet to support business applications.

As well, computer operations facilities were upgraded to mitigate risks to the LDB systems and prepare for future system changes, and servers were upgraded in support of Financial and Human Resource systems. To align with the three-year corporate strategy, an Information Services Strategy and Action Plan is being developed with feedback from the user community.

Business Effectiveness

The LDB purchased the hardware and software to replace store cash registers and related computer systems with a modern Retail Management System that features state-of-the-art barcode scanning and inventory tracking.

Business Effectiveness

VQA products increased in sales by 18.6 per cent in dollars and 16.3 per cent in litres over the previous year. The increased production of quality red wine in B.C. is evidenced by the increase in VQA red wine sales by 54 per cent in dollars and 51 per cent in litres over the previous year.

VQA Products

The LDB continued to support the marketing efforts of the B.C. Wine Institute and products that have the Vintners Quality Alliance (VQA) label. The label denotes superior products, made from 100 per cent British Columbia grown grapes, that have met the standards of the VQA panel of expert tasters. VQA products increased in sales by 18.6 per cent in dollars and 16.3 per cent in litres over the previous year. The increased production of quality red wine in British Columbia is evidenced by the increase in VQA red wine sales by 54 per cent in dollars and 51 per cent in litres over the previous year.

Wine Festival

The on-site liquor store at the 22nd Annual Vancouver Playhouse International Wine Festival generated sales of $278,000 in three days. The LDB provided free delivery for customers, allowing them to conveniently pick up their purchases at their local liquor store.

Workplace Quality

Multiculturalism and Diversity

The Equity and Diversity Advisory Committee (EDAC), in conjunction with the Retail Services department, continued to spearhead multiculturalism initiatives and activities. A Multiculturalism Business Plan, recognizing the importance of multiculturalism externally as a retailer and internally as an employer, was developed and is included in the three-year LDB Strategic Plan.

EDAC instigated an Employment Systems Review to look at the issues of equity and diversity and how the LDB can improve its hiring practices and access to developmental opportunities. The committee incorporated a section on human rights and diversity within the new Employee Hiring Manual. Committee members acted as a resource to the various departments to ensure multicultural principles and issues were integrated into project initiatives, training and recruitment activities.

The Retail Services department developed multilingual signs for stores and for Canada Day promotions, promoted multicultural events such as Chinese New Year and Cinco de Mayo, developed a Web site promotion on Kosher wines and set up a temporary telephone line for inquiries in Mandarin and Cantonese about rice alcohol.

Workplace Quality

An Employment Systems Review was instigated to look at the issues of equity and diversity and how the LDB can improve its hiring practices and access to developmental opportunities.

New Management Model

In March 2001, the Public Service Employee Relations Commission (PSERC), the B.C. Government and Service Employees' Union (BCGEU) and the LDB agreed on a new Retail Management and Administration model for BC Liquor Stores. The model reduced the number of categories of stores from five to three thus streamlining store management and administration. Job descriptions were developed, agreed to and classified, thereby reducing the number of classification levels of managers, assistant managers and supervisors throughout the store system. This initiative better facilitates the competition process and career pathing of store employees.

Workplace Quality

A Regional Training Network, comprised of 250 staff, was developed to facilitate the consistent and cost-effective delivery of functional training to LDB store employees.

Regional Training Network
A regional training network was developed and piloted to facilitate the consistent and cost-effective delivery of functional training to store employees. Approximately 250 store employees were trained, ensuring that local qualified trainers are available for BC Liquor Stores.

Employee Training
The LDB continued to deliver the *New Employee Orientation* program, supported by trainers in the Regional Training Network. *Violence Prevention* training was delivered to almost 900 employees, and internal facilitators presented the government-wide *Discrimination Prevention* workshop to 420 employees. The interactive *Workplace Harassment Prevention and Intervention Skills* program was completed by 60 store managers and assistant managers.

A newly-developed *Ergonomics Train-the-Trainer* program was delivered to 20 employees who will conduct on-site ergonomic assessments and provide strategies for the minimization of musculo-skeletal injuries (MSI). As well, an MSI prevention video was developed and made available at each work site.

Driver and Equipment Training
Eighteen regional trainers graduated from the four-day LDB *Mobile Equipment Train-the-Trainer* program, which supports the safe operation of mobile equipment. *Professional Driver* training continued to be provided to LDB truck drivers, with delivery of the fourth module of an ongoing program.

Employee Awards
Over the year, employee suggestions for the *Employee Recognition* program resulted in branch savings of $433,500. In total, 36 ideas were submitted, 11 of which received reward money, with prizes totaling $19,897. At this year's *Public Service Awards*, the LDB's Web site team won a silver award for developing the *Matters of Taste* Web site, the Training Division team won a silver award for developing a wide variety of training programs, and the Property Management team received a bronze award for redesigning and renovating Kelowna's Orchard Park Liquor Store.

Other Initiatives
The Human Resources department completed the production of three workplace injury/risk prevention videos, the design of a *Leave Management* program for the Distribution department and the establishment of a departmental unit focused on WCB claim management. The new unit resulted in a reduction in the number of claims and significant efficiencies in processing claims.

Social Responsibility

Throughout the year the LDB was involved in a number of community support programs, as well as safety, education and environmental programs.

Social Responsibility

BC Liquor Stores' first-ever Dry Grad campaign raised more than $111,000 to help fund alcohol-free graduation celebrations for high school students. Liquor store customers were invited to buy $1 bookmarks with funds going to their local school district.

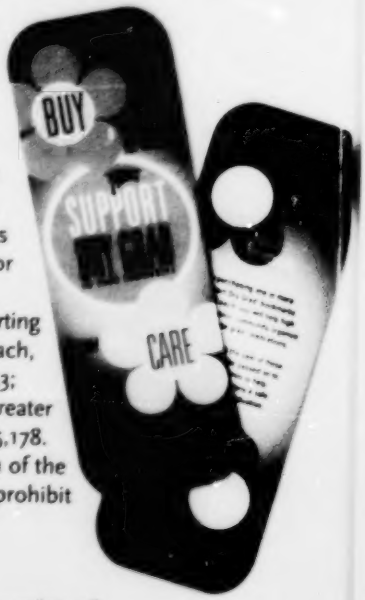
Dry Grad Campaign

BC Liquor Stores' first-ever campaign to support dry grads raised more than $111,000 to help fund safe, alcohol-free graduation celebrations for up to 270 high schools throughout the province.

The five-week campaign began in February 2001 in partnership with 53 participating school districts. Liquor store customers were invited to buy bookmarks for $1, with funds going to their local school district for distribution to the high schools planning dry grads.

BC Liquor Store customers got into the spirit of supporting dry grads, and six districts raised more than $5,000 each, namely: Prince George with $10,333; Surrey with $6,653; Cariboo-Chilcotin with $5,514; Vancouver with $5,404; Greater Victoria with $5,336; and Kamloops-Thompson with $5,178.

The Dry Grad fundraising campaign is an extension of the LDB's mandate to discourage underage drinking and prohibit the sale of alcohol to minors.



PECSF

LDB volunteers helped inspire staff participation in a number of entertaining Provincial Employees Community Services Fund (PECSF) fundraising activities using the theme "The Greatest Show of Spirit on Earth." During the two-month campaign, LDB employees raised over $102,000, exceeding last year's total by $12,000. The PECSF is a fundraising campaign supported voluntarily by staff throughout the provincial government.

24-Hour Relay for the Kids

Every June for six years, the members of the LDB Beer-O-Crats team have laced up their sneakers to raise funds for the 24-Hour Relay for the Kids, the largest overnight fundraiser in North America, supported entirely by volunteers. The 43-strong Beer-O-Crats team ran 150 miles, raising more than $8,000 dollars and topping last year's total by $500. This year's beneficiary was again the Lions Society's three Easter Seal Camps, specially equipped for children with disabilities.

Twin Bear Program
In November and December, customers at BC Liquor Stores were invited to buy twin grizzly bear stuffed animals for $10. One twin went home with the customer, while the other was donated to a charity chosen by liquor store staff. Thanks to generous customers, the LDB donated over 22,000 bears to needy children throughout the province. Since the LDB began the program in 1989, over 169,000 bears have been donated to British Columbia charities.

Safe Ride Home
The LDB offered their *Safe Ride Home* program at the Vancouver Playhouse International Wine Festival and the Great Canadian Beer Festival in Victoria, in cooperation with ICBC, TransLink and BC Transit. More than 1,400 transit tickets and taxi vouchers were distributed free of charge to festival patrons. The program was also featured at eight other beer and wine-tasting festivals throughout the year, where a total of 700 tickets were distributed.

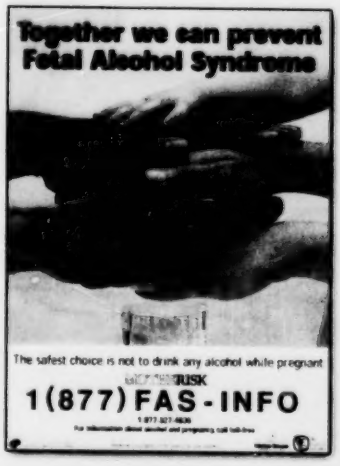
Social Responsibility

Using the theme "The Greatest Show of Spirit on Earth," LDB employees spearheaded a number of entertaining fundraising activities, raising over $102,000 for the Provincial Employees Community Services Fund.

Don't Buy for Minors
In the spring, BC Liquor Stores launched a Don't Buy for Minors campaign for May and June, reminding customers that grads, cars and alcohol can be a lethal combination. In promoting responsible drinking, one of the LDB's goals is to keep alcohol out of the hands of minors.

Anti-Drinking-and-Boating
In July, the LDB launched an Anti-Drinking-and-Boating campaign, reminding customers that the dangers of drinking and boating are the same as those of drinking and driving.

Fetal Alcohol Syndrome (FAS)
The LDB continued to actively educate its staff and its customers about the risks of drinking alcohol when pregnant by running an annual in-store campaign. In addition, 15,000 copies of the LDB's educational brochure, *Pregnant? Did you know that alcohol can hurt your baby?*, were widely distributed to the public, and to health care professionals in British Columbia and other parts of Canada.


Together we can prevent Fetal Alcohol Syndrome
The safest choice is not to drink any alcohol while pregnant
RISK
1(877) FAS-INFO

Container Stewardship Program
During 2000/01, the LDB's *Beverage Container Stewardship* program recycled approximately 90 million containers, benefiting the environment by diverting more than 35 million kilograms of waste from British Columbia landfills.

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

Performance Against Objectives 2000/01

The foundation for the LDB Performance Plan is the four-pillar framework: Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility. These pillars in turn support the LDB's Financial Objectives. This year, in developing goals for each of the four pillars, the LDB set targets for each objective. The following table shows the actual results compared to the targets set.

Pillar: FINANCIAL OBJECTIVES

Objective	Measure	Target for First Year	Status
Sales and Net Income	Total Revenue	1,690.00 million	1,720.00 million
	Net Income	620.00 million	642.00 million
Operating Expenses	Total	196.40 million	197.90 million

Our net contribution to government exceeded our target by $22 million.

Pillar: Customer Service

Objective	Measure	Target for First Year	Status
Customer Satisfaction	Customer Satisfaction Rating	90%	Survey partially completed and continuing
Modern Retail Store Network	Number of Renovated or Newly Opened Stores	10	9
	Number of Seasonal Stores	6	5
Progressive Retailing	Number of Employees Trained	200	154
	Participant Feedback	80% satisfaction	88%
Retail Management Training Programs	Number of Employees Trained	*Assistant Manager Training* program (AMTP) – 40 employees	Achieved
	Course Content Development	AMTP complete	Achieved
		Store Manager Development program plan complete	Training partially achieved
	Participant Feedback	AMTP 80% participant satisfaction	Target exceeded

Our Orchard Park store received a major upgrade with features that included a section highlighting B.C. wines—Destination B.C., a wine "cellar" area promoting rare products and a separate tasting room.

Pillar: Business Effectiveness

Objective	Measure	Target for First Year	Status
Retail Management System	Number of Installations:		
	Office Tools	All stores completed	Achieved
	Checkstands	80 checkstands	Target exceeded
	Cash Registers	Pilot stores complete	Completion date rescheduled to Q2 2001
	Number of Employees Trained on Office Tools	460 full-time managers and trainers by July 2000, and all full-time store employees by Oct. 2000	Management trainers' target exceeded. Employee training deferred due to change in RMS rollout strategy.
	Projected Budget as Approved by Treasury Board	On or below budget	On budget

The branch began the implementation of a new Retail Management System to modernize cash register and retail functions in all stores in the coming year.

Pillar: BUSINESS EFFECTIVENESS *continued*

Objective	Measure	Target for First Year	Status
Warehouse Operating System	Fully Implemented System	100% operational by March 31, 2001 *(for Vancouver Distribution Centre)*	Implementation in progress. Operational Q2 2001.
Supply Chain Management	Rate of Inventory Turnover	Attain a system-wide inventory turnover rate of 16 times per year	18 times per year
	Fill Rate from Distribution Centres	100% on core product	Substantially achieved at 98.4%
	Anecdotal Observation by Area Managers, Industry Partners and Customers	Zero reports of stock-outs on core product	Substantially achieved
Staff Scheduling	Store-Wide Staff Scheduling Efficiency Rating	100% efficiency	Substantially achieved at 97.5%
Technology Strategy	Completion of Ongoing Application Upgrade Projects (4)	100% completed	Two upgrade projects completed. One to be completed Q1 2001 and one deferred to fiscal 2001/02.
	Completion of Ongoing Upgrades of Infrastructure Projects	100% (6 systems) completed	To be completed Q1 2001
	Comprehensive Strategy Completed & Documented	Ready by Oct. 2000	Achieved

Pillar: Workplace Quality

Objective	Measure	Target for First Year	Status
Employee Health and Safety	WCB Claim Cost Statements	Reduce WCB costs by 10%	Substantially achieved: costs reduced to .45% of payroll
	Leave Reports	Reduce sick leave costs by 10%	Costs remained static at 3% of payroll
	Monthly Safety Meeting Minutes and Work Site Inspections	100% of work sites reporting each fiscal year	Substantially achieved at 85.5%
Violence in the Workplace	Number of Employees Trained	900 employees throughout store system	Achieved
Multiculturalism and Employee Diversity	In-House Communications	Articles in 50% of issues	Achieved
	In-Store Promotions	4 promotions per year in 12 stores	Exceeded target
	Web Site and Select LDB Publications	4 promotions per year	Achieved
	Number of Employees Trained	40 employees	Exceeded target

In 2000/01, 900 BC Liquor Store employees participated in Violence Prevention training. The objectives of the training are to help store employees increase their awareness of early signals of violence and to help them develop skills and strategies to minimize risks.

Successful LDB marketing campaigns included in-store promotions for Chinese New Year, Cinco de Mayo and Kosher Wines.

Pillar: Social Responsibility

Objective	Measure	Target for First Year	Status
Beverage Container Returns	Return Rate	85%	Achieved
Responsible Use of Alcohol	Public Awareness (through focus groups)	50 to 100 persons sampled from Lower Mainland	Rescheduled for fiscal 2001/02
	Public Awareness (through customer service survey)	Majority of respondents report awareness	Survey partially completed and continuing
	Safe Ride Home Awareness (at major wine festivals)	5 major events	Achieved

During 2000/01, the LDB's Beverage Container Stewardship program recycled approximately 90 million containers, benefiting the environment by diverting more than 35 million kilograms of waste from B.C. landfills.

The LDB partners with ICBC, TransLink and BC Transit to offer its Safe Ride Home program. This year, more than 1,400 transit tickets and taxi vouchers were distributed free of charge to festival patrons at the Vancouver Playhouse International Wine Festival and the Great Canadian Beer Festival in Victoria.

Opportunities and Challenges 2001/02

Looking ahead, the LDB retail environment will be characterized by a range of issues and trends that represent both opportunities and challenges. These include:

The Provincial Economy
Recent evidence of an economic slowdown in the U.S. suggests that Canada may also experience a decline in economic activity. However, the beverage alcohol industry does not usually fluctuate as much as the rest of the retail sector when economic activity slows down.

Retail Trends and Challenges
Present trends in the retail industry include the increasing use of Internet retailing and retail customer loyalty programs. Throughout the retail sector, the Retail Council of Canada predicts fierce competitive pressures, demanding consumers and shrinking margins. LDB research tells us that British Columbia consumers place a very high premium on the total shopping experience, particularly good customer service and the right mix of products.

Customer Profile
The expectations of both retail and wholesale customers are changing due to a number of factors, including: aging baby boomers, increased awareness of the effects of alcohol abuse and the demand for enhanced value in the retail shopping experience. As people age, they tend to drink less. At the same time they tend to be more selective, and they control a very large percentage of the disposable income in Canada. LDB sales figures suggest a "premiumization" of beverage alcohol.

The B.C. Population
During the next three years, while the 20 to 30 age group population will remain relatively stable in British Columbia, the older groups (40 to 59) will start to increase in numbers. Age is key in determining consumption and product selection. Perhaps the most important population trend in British Columbia is the increasing diversity and multiculturalism. To provide excellent customer service, the LDB must understand the needs of the various ethnic communities.

Responsible Use of Alcohol
Over the years, society has become more intolerant of alcohol abuse and the negative behaviours associated with it, such as drinking and driving. A number of successful prevention programs, such as ICBC's *Drinking Driving CounterAttack*, have been developed, and there are opportunities for the LDB to develop, or partner in, new programs to educate the public about the responsible use of alcohol.

Environmental Impact
In 1998, the LDB assumed responsibility for the environmental stewardship of all beverage alcohol containers sold in the province, with the exception of refillable beer bottles and cans. The challenge now is to fine-tune the beverage container return system and maintain a high rate of return at the lowest possible cost. The LDB will also continue to build on other opportunities for waste reduction and recycling.

Supplier Relations
The LDB is the primary customer for the beverage alcohol supplier and agent community in British Columbia, which means it is the principal connection between producers and end-use consumers. The LDB will continue to develop closer ties with its suppliers, ensuring they understand the LDB is mandated to sell beverage alcohol in a socially responsible manner to its customers.

Technology
New technology is rapidly changing the business landscape and is becoming essential to performing fundamental functions. As business partners seek more efficient supply chain processes through e-business-to-business technology, there is a cultural shift in organizations toward collaboration, the sharing of information and the formation of partnerships. Employees are requiring new tools and additional knowledge to perform their jobs and improve efficiencies and services. With many potential benefits, the key challenge is to anticipate and understand the technological shifts required to meet and exceed customer and stakeholder expectations.

Note: *For a more detailed discussion of both external and internal opportunities and challenges, see the LDB's Three Year Corporate Strategy: A Performance Plan for 2001-2004.*

Performance Targets 2001/02

Following is a summary of performance targets as set out in the LDB's *Three Year Corporate Strategy: A Performance Plan for 2001-2004*. A more detailed discussion of objectives, strategies and targets is outlined in the plan.

Pillar: FINANCIAL OBJECTIVES		
Objective	**Measure**	**Target**
Total Sales & Net Income	• Total revenue	• $1.72 billion
	• Net income	• $616 million
Operating Expenses	• Total expenses	• $215 million

Pillar: CUSTOMER SERVICE		
Objective	**Measure**	**Target**
Marketing Strategy	• Research to define target markets	• Research completed and documented
Customer Satisfaction	• Survey results	• 90%
Wholesale Customers	• "Straight Up" newsletter	• 4 editions per year
Suppliers & Industry Partners	• Meet with industry groups	• Twice per year
	• Meet with individual suppliers	• As requested
Retail Store Network	• Reno's, relocations and/or new locations	• 12
	• Temporary seasonal stores	• 6
Training in Support of Customer Service	• *Progressive Retailing* (PR) sessions delivered	• 10
	• Employees trained in PR	• 200
	• *Assistant Manager Training* program (AMTP) modules delivered	• 11
	• Employees enrolled in AMTP	• 40
	• *Store Manager Development* program (SMDP) modules delivered	• 3
	• Employees enrolled in SMDP	• 30
	• Employees trained in *Product Knowledge 2* (PK2)	• 150
	• Employees trained in PK3	• 64
Multiculturalism	• Market research	• Documented by Dec.
	• Articles in ethnic media	• 6 per year
	• Employees trained in multicultural service delivery	• 40

Pillar: Business Effectiveness		
Objective	**Measure**	**Target**
Supply Chain Management	• Stockout reports	• No stockouts on core products
	• Inventory turns (based on cost) in distribution centres	• Meet or exceed 18.5 turns
Supply Chain Improvements	• Retail Management System office system upgrades, checkstands & cash registers	• Complete for 222 stores by Nov.
	• RMS training	• All full-time store staff trained by Nov.
	• RMS enhancements	• Completed by Nov.
	• RMS implementation in Vancouver Licensee store	• Completed by Jan.
	• RMS budget	• 100% or less
	• Warehouse Operating System implementation in Kamloops Distribution Centre	• Completed Dec.
	• WOS budget	• 100% or less
	• Scan sample of products delivered to Distribution Centre matches those on file	• 100%
	• Scan sample of products going to stores match those on file	• 100%
Enterprise Business Intelligence	• Data warehouse	• Software selected Q1; infrastructure completed Q2
	• Pilot RMS sales data	• Pilot completed Q3
	• Product sales transaction data	• Subject area completed Q4
E-Business	• Prioritized list of initiatives & implementation plan	• Plan completed
Store Efficiency	• Store employment as a percentage of sales	• 7.5%
Technology & Application Architecture, Continuous Improvement	• Assessment of needs	• Report published & action plan documented
	• Implementation of a PeopleSoft upgrade for Financials (Accounts Payable/General Ledger)	• In production by fiscal year-end
	• Web access to PPIIMS	• Software installed for test by year-end
Emergency Planning	• Emergency response plans	• Documented & tested
	• Business continuation plans	• Document supply chain systems

Pillar: Workplace Quality		
Objective	**Measure**	**Target**
Employee Health & Safety	• WCB claim costs	• No more than .45% of payroll costs
	• Sick leave	• No more than 2.85% of payroll costs
	• Safety inspection reports completed	• 100% annually
	• Safety committee action plans completed	• 100%; items identified are actioned within one month
Violence in the Workplace	• Employees trained	• 800
	• Store risk analysis reports	• 100% of stores
	• Violence prevention plans	• 100% of stores
Employee Diversity & Equity	• Employees trained	• 580
	• Key recommendations of Employment Systems Review implemented	• Report findings communicated to employees
		• Working committee established to develop action plan
	• In-house communications ("Newsline" newsletter)	• Articles in 50% of issues
Human Resource Strategies	• Documented HR strategies	• In place by June

Pillar: Social Responsibility		
Objective	**Measure**	**Target**
Waste Reduction	• Beverage container return rate	• 85%
	• Waste reduction strategy developed for non-beverage container waste	• Complete waste audit and reduction strategy by December
Responsible Use of Alcohol	• Public awareness through focus groups	• 3 campaigns tested in Lower Mainland
	• Public awareness survey results	• Majority of respondents report awareness
	• Dry grad sponsorship, bookmarks sold	• Baseline established by May
	• Service refusal tracking	• System determined
	• Safe Ride Home awareness	• 5 major events

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

Management Discussion and Analysis

Results of Operations

The LDB's net income of $642 million (37.37 per cent of sales), for the year ended March 31, 2001, was $25 million greater than fiscal 1999/2000. This was the sixth consecutive year of growth in net income, with an average increase of 1.97 per cent per year. It was the ninth consecutive year of growth in gross sales, with an average annual increase of 2.84 per cent.

Key Indices *(all $ figures in thousands)*	**2001**	**2000**
Gross Sales	$1,719,182	$1,663,323
Net Income	$642,426	$617,387
Capital Expenditures	$3,470	$3,049
RMS Project	$16,181	—
Customer Count	43,596,914	43,541,393
Gross Margin %	48.14%	48.01%
Operating Income to Sales	36.63%	36.68%
Operating Expenses to Sales	11.51%	11.33%
Net Income to Sales	37.37%	37.12%

Growth in sales of beverage alcohol, in terms of both dollars and litres, was experienced in all product categories except draught beer, as indicated in the table below.

Growth in Sales *(in $,000)*

Product	2001	2000	% change
Spirits	$473,526	$456,447	3.7
Wine	367,312	357,870	2.6
Packaged Beer	674,597	650,098	3.8
Draught Beer	117,804	120,902	(2.6)
Cider/Coolers	74,674	68,907	8.4
Special Orders/Non-alcoholic	11,268	9,099	23.8

Growth in Sales *(in thousand litres)*

Product	2001	2000	% change
Spirits	19,410	19,042	1.9
Wine	33,933	33,411	1.6
Packaged Beer	206,036	200,663	2.7
Draught Beer	52,767	54,663	(3.5)
Cider/Coolers	16,922	15,775	7.3
Other	229	223	2.7

Packaged beer had the largest increase in dollar sales ($24.5 million) and in volume (5.4 million litres). Draught beer experienced the largest decrease with sales declining by $3.1 million and 7.9 million litres. Premiumization contributed to the higher sales dollars reflected in spirits, wine and, to a lesser extent, packaged beer.

The overall increase in net income of $25 million was attributed to an increase in sales plus other non-recurring income adjustments of $8.6 million. In fiscal 2000/01, as a result of an actuarial evaluation, the branch received $3 million in pension rebates due to overpayment in previous years. A $5.6 million adjustment relating to product purchases from prior years was also realized. Both of these transactions are one-time adjustments to the accounts.

Gross margin percentage for the fiscal year was 48.14 per cent of sales, up from 48.01 per cent the previous year. This was due to the increase in the product mix of spirits and wine sales.

Operating expenses were 11.5 per cent of sales, up from 11.3 per cent for the previous year. This was mostly attributable to beverage container and credit card costs. Beverage container costs were greater due to an increase in the volume of containers returned through the LDB's *Beverage Container Stewardship* program. In October 1999, BC Liquor Stores began accepting credit cards for purchases, making fiscal 2000/01 the first full year of credit card expense, amounting to $3.7 million.

Employment expenses as a percentage of gross sales remained at 7.4 per cent. However, when considered in relation to government liquor store sales, there was a 0.1 per cent decline of employment expense to sales.

In April 2000, the branch started the Retail Management System (RMS) project at a budgeted cost of $46 million, to be financed over a three-year period. The RMS is a new sales management system for all BC Liquor Stores based on mainstream retail technology. It is crucial to the LDB in order to maintain effective business operations, since the current cash registers and back office store systems have become obsolete and unsupportable. The total cost incurred for the RMS project for this fiscal year

was $16.2 million. Since the RMS is not yet implemented, none of the costs were amortized during the year. Implementation in all BC Liquor Stores will take place during fiscal 2001/02, and the RMS costs will be amortized over a period of four years starting in the year of implementation.

Professional services were $2.3 million, down $2.1 million from the previous year. In 1999/00, professional services expenses increased due to Y2K activities. For fiscal 2000/01, a large portion of professional service costs were incurred by the RMS project and are included in the fiscal year-end balance of $16.2 million.

Operating Environment

The LDB had an excellent year. The business is doing well financially, customer counts are ahead of the last year, and overall there is a keen interest in new beverage alcohol products. Many customers are showing interest in more premium selections, and quality over quantity is an important preference.

It is clear, however, that the LDB must go beyond economic factors to understand customer trends. Consumers do not have to be affluent to make knowledgeable, quality selections. The Internet, media and general availability of information provide people with more overall knowledge and confidence when it comes to selecting the right product for their needs.

Increased information affects the purchase habits of LDB customers. Not every customer will purchase Dom Perignon, but many of those drinking champagne have an understanding of the product attributes and want to make a well-informed purchase.

The top performers in every category of the beverage alcohol market are not necessarily mainstream selections. In particular, wine and spirit performance is showing ultra-premium leaders, and the growth trends in the beer category are double-digit in the imported brands that are more expensive purchases overall.

BC Liquor Stores have begun to take on a new look. The shopping environment is being altered as new leases are negotiated, and warmly-decorated, inviting interiors create a browsing atmosphere. Stores that have been renovated with this new ambience are showing sales increases, and it appears that shopping time has also been increased. Customers are browsing in LDB stores, accessing the displayed product information and carefully considering their selections. It is also important to note that the employees who work in these newly-modeled outlets report more pleasant workplaces.

There is greater product knowledge amongst liquor store staff, and a growing number of employees are seeking more in-depth information. The LDB continues to train staff, providing a high level of product knowledge to help them answer customer questions. More than ever before, staff are able to discuss products with confidence and understand customer needs.

Management Future Outlook

For the fiscal year 2001/02, gross sales are budgeted to increase by 1.4 per cent. Spirit sales are expected to increase by 3.4 per cent, wine sales by 0.9 per cent, and beer, cider and cooler sales by 0.4 per cent over fiscal 2000/01 budget.

Operating expenses as a percentage of sales are expected to rise from 11.5 per cent to 12.6 per cent due to increases in employment, rent, utilities, freight, beverage container recycling costs, and the amortization of the new RMS. Employment expenses are expected to rise due to contractual agreements. Utilities and freight expenses will be affected by the rising costs of fuel, natural gas and rent due to the renewal of long-term leases in major urban areas.

Since the introduction of the *Beverage Container Stewardship* program for spirit and wine containers in 1998, costs associated with the program continue to increase due to higher return volumes.

Amortization costs will increase due to the new RMS and the replacement of equipment over the upcoming year.

Financial Statistics Over Five Years

Key Financial and Operating Statistics (all dollar figures in $,000) for the five years ended March 31

	2000/01	1999/00	1998/99	1997/98	1996/97
Sales ($)	1,719,182	1,663,323	1,640,781	1,594,457	1,539,720
Cost of Sales ($)	846,662	822,100	807,315	784,591	751,870
Gross Margin ($)	827,561	798,528	790,146	768,581	747,805
Gross Margin (%)	48.14	48.01	48.16	48.20	48.57
Op. Expenses ($)	197,892	188,424	178,161	165,761	163,993
Op. Exp. to sales (%)	11.51	11.33	10.86	10.40	10.65
Op. Income ($)	629,669	610,104	611,985	602,820	583,812
Op. Income to sales (%)	36.63	36.68	37.30	37.81	37.92
Net Income ($)	642,426	617,387	615,855	606,045	587,089
Net Income to sales (%)	37.37	37.12	37.53	38.01	38.13

Provincial Sales by Source

(as a percentage of total provincial dollar sales) for the five years ended March 31

	2000/01	1999/00	1998/99	1997/98	1996/97
LDB Stores (%)	57.6	57.6	56.5	56.4	56.3
Licensee Retail Stores (%)	15.9	15.8	16.7	16.7	16.8
Agency Stores (%)	4.2	4.1	4.1	4.1	4.1
Total Counter Sales (%)	**77.7**	**77.5**	**77.3**	**77.2**	**77.2**
Licensee Sales (%)	22.3	22.5	22.7	22.8	22.8
Total Sales (%)	**100**	**100**	**100**	**100**	**100**

Remittances to Government Agencies

(in $,000) year ended March 31

	2001	2000	1999	1998	1997
FEDERAL GOVERNMENT					
Custom Duties and Excise Tax	$98,345	$97,687	$90,377	$90,270	$88,908
Goods and Services Tax	113,435	112,802	111,271	108,367	106,270
Total	211,780	210,489	201,648	198,637	195,178
PROVINCIAL GOVERNMENT					
LDB Net Income	642,425	617,387	615,855	606,045	587,089
Social Services Tax	99,175	95,159	92,691	89,725	88,020
Total	741,600	712,546	708,546	695,770	675,109
MUNICIPAL GOVERNMENT					
Property Taxes	4,575	4,756	4,296	4,317	4,176
Total Remittances	**$957,955**	**$927,791**	**$914,490**	**$898,724**	**$874,463**

Note: *The above amounts do not include taxes paid directly by external parties, namely: Excise Duty and taxes paid by the domestic brewers, wineries and distilleries; and Goods and Services tax collected by licensees, agency stores and other licensed establishments.*

Management's Responsibility for Financial Reporting

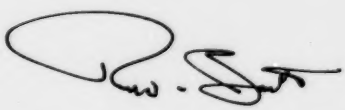
The financial statements of the British Columbia Liquor Distribution Branch have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

The Liquor Distribution Branch audit division performs internal audits designed to test the adequacy and consistency of internal controls, practices and procedures.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Liquor Distribution Branch. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Liquor Distribution Branch.

Jay Chambers
General Manager



Roger M. Bissoondatt, CA, CMA
Executive Director, Finance

Vancouver, British Columbia
June 1, 2001

Report of the Auditor General of British Columbia

To the Minister of Small Business, Tourism and Culture
Province of British Columbia:

I have audited the balance sheet of the *British Columbia Liquor Distribution Branch* as at March 31, 2001 and the statements of operations, changes in advance due to the Province of British Columbia and cash flows for the year then ended. These financial statements are the responsibility of the Branch's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Liquor Distribution Branch* as at March 31, 2001 and the results of its operations, changes in advance to the Province of British Columbia and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
June 1, 2001

Balance Sheet
(in $,000)
March 31

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash	**$14,656**	$1,194
Accounts Receivable	**6,735**	6,381
Inventories	**58,977**	62,612
Prepaid expenses	**1,679**	1,343
Advance due from Province of British Columbia	**---**	7,365
	82,047	78,895
Capital Assets (note 3)	**28,576**	13,013
Total	**$110,623**	$91,908
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$105,736**	$89,408
Advance due to Province of British Columbia	**2,635**	---
Current portion of capital lease	**273**	248
	108,644	89,656
Obligation Under Capital Lease (note 4)	**1,979**	2,252
	$110,623	$91,908

Commitments and Contingent Items (notes 6 & 7)

Approved by:

Jay Chambers
General Manager

Roger M. Bissoondatt, CA, CMA
Executive Director, Finance

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Statement of Operations

(in $,000)

Year ended March 31

	2001	2000
Sales *(note 5)*	**$1,719,182**	$1,663,323
Less commissions & discounts	**44,959**	42,635
	1,674,223	1,620,688
Cost of merchandise sold	**846,662**	822,160
Gross margin	**827,561**	798,528
Operating expenses *(schedule)*	**197,892**	188,424
	629,669	610,104
Other income *(note 8)*	**12,757**	7,283
Net income	**$642,426**	$617,387

Statement of Advance Due to Province of British Columbia

(in $,000)

Year ended March 31

	2001	2000
Balance beginning of year	**$7,365**	$5,729
Net Income	**(642,426)**	(617,387)
Payments to Province of British Columbia	**632,426**	619,023
Balance end of year	**($2,635)**	$7,365

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Statement of Cash Flows

(in $,000)

Year ended March 31

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	**$1,673,869**	$1,619,567
Cash payments to Provincial Treasury	**(632,426)**	(619,023)
Cash paid to suppliers and employees	**(1,020,612)**	(1,012,210)
Cash receipts from other income	**12,679**	7,222
Interest paid on capital lease	**(227)**	(249)
Cash flows from (used in) operating activities	**33,283**	(4,693)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets excluding RMS	**(3,470)**	(3,049)
Acquisition of RMS capital assets	**(16,181)**	---
Proceeds from disposal of capital assets	**78**	61
Cash flows used in investing activities	**(19,573)**	(2,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on capital lease	**(248)**	(226)
Cash flows used in financing activities	**(248)**	(226)
NET INCREASE (DECREASE) IN CASH	**13,462**	(7,907)
CASH BEGINNING OF YEAR	**1,194**	9,101
CASH END OF YEAR	**$14,656**	$1,194

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Schedule of Operating Expenses

(in $,000)

Year ended March 31

	2001	2000
Salaries, wages and benefits	$127,239	$123,115
Rents	25,611	25,152
Professional services	2,270	4,370
Repairs and maintenance	4,858	4,750
Freight to stores	4,860	4,967
Amortization	4,088	3,709
Light, water and fuel	3,597	3,306
Other operating expenses	8,089	5,410
Stationery and supplies	2,991	2,609
Merchandising	2,274	1,822
Bank charges	5,463	2,916
Data processing	2,404	2,320
Telephone	1,469	1,394
Travel	868	862
Loss prevention	860	863
Warehouse equipment costs	724	610
Interest on obligation under capital lease	227	249
Total	$197,892	$188,424

Notes to the Financial Statements

March 31, 2001

(Tabular amounts in $,000)

1) Status of the Branch

The British Columbia Liquor Distribution Branch (Branch) obtains its authority for operation from the *British Columbia Liquor Distribution Act (Act)* which is administered by the minister responsible for Small Business, Tourism and Culture. As stated in Section 2 of this Act, the Branch has the exclusive right to purchase liquor for resale and reuse in the Province in accordance with the provisions of the *Importation of Intoxicating Liquors Act (Canada)*.

2) Significant Accounting Policies

As prescribed by Section 30(3)(b) of the *Act*, the financial statements of the Branch are prepared in accordance with Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

INVENTORIES

Branch liquor inventories are valued at Duty Paid Value, which comprises supplier-invoiced value, freight, duties and taxes.

Capital Assets

Capital assets are stated at cost and are amortized on a straight-line basis as follows:

Buildings
7.5 per cent per annum.

Leasehold improvements
A minimum of 10 per cent per annum or a rate sufficient to amortize the cost over the remaining life of the respective lease.

Furniture, fixtures, vehicles and equipment
25 per cent per annum.

System under development
All costs of development, construction and other costs associated with the development of the Retail Management System are being capitalized. At the point in time when the project is substantially completed, the system will be amortized at 25 per cent per annum.

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Related Party Transactions

The Branch is related through common ownership to all Province of British Columbia ministries, agencies and Crown Corporations. Transactions with these entities, as well as other transactions in which Provincial Government intervention is a component, are generally considered to be in the normal course of operations and are recorded at the exchange amount, unless disclosed separately in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

3) Capital Assets

($,000)

	Cost	Accumulated Amortization	2001 Net book Value	2000 Net book Value
Land	$1,114	$---	$1,114	$1,114
Buildings	18,332	14,353	3,979	4,448
Leasehold improvements	5,285	4,791	494	389
Furniture, fixtures, vehicles & equipment	31,781	26,667	5,114	5,125
Office furnishings under capital lease	3,627	1,933	1,694	1,937
System under development	16,181	---	16,181	---
	$76,320	**$47,744**	**$28,576**	**$13,013**

4) Obligation Under Capital Lease

In the fiscal year 1994, the Branch entered into a 15-year capital lease expiring in the fiscal year 2008 for certain of its head office tenant improvements and office furnishings. The following is a schedule of future minimum lease payments under the capital lease expiring July 31, 2007, together with the balance of the obligation under capital lease:

Year ending March 31 ($,000)	
2002	475
2003	475
2004	475
2005	475
2006	475
Subsequent years	634
	3,009
Less: imputed interest at 10%	(757)
current portion	(273)
Total	**1,979**

5) Sales

Total sales reported include sales to retail customers, licensed establishments, licensee retail stores and agency stores. These amounts do not include subsequent resale by licensed establishments, licensee retail stores and agency stores.

6) Commitments

Future commitments for operating leases for Branch premises and equipment are as follows:

Year ending March 31 *($,000)*		
	2002	16,980
	2003	14,276
	2004	12,564
	2005	10,498
	2006	9,344
	Subsequent years	26,455
	Total	**$90,117**

7) Contingent Items

AGENTS' STOCKING PROGRAM

The Branch has authorized suppliers' agents to import and warehouse liquor for subsequent purchase by the Branch. Under this program, the Branch has a contractual obligation to purchase all inventories held by the agent should the agent opt out of the program. As at March 31, 2001, the value of agents' inventories totalled approximately $42.7 million (2000 - $35.8 million) and the future liability for related federal excise taxes is $8.9 million (2000 - $7.6 million).

8) Employees' Benefit Plans

The Branch and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to substantially all of the Branch employees. On behalf of employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the act applies. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. The cost of employee future benefits for these plans is recognized as an expense in the year contributions are paid. During the year contributions of $3,635,420 were refunded to the Branch (2000 - $4,754,000), which was recorded as Other Income in these financial statements. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employees and employers. Previously, these matters were the sole responsibility of the Province of British Columbia.

Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The future liability for this obligation amounts to $1,300,000 of which $87,000 has been recognized representing future employees' retirement benefits outside of the Public Service Pension Plan.

9) Financial Instruments

The Liquor Distribution Branch's financial instruments consist of cash, accounts receivable, advance due to/from the Province of British Columbia, accounts payable and accrued liabilities and capital lease. Unless otherwise noted, it is management's opinion that the Branch is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Store Sales by Region

Store Name	Number	Sales						Litre Product Mix Percentage			
		Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
VANCOUVER ISLAND/COAST											
Alert Bay	225	576,386	101,765	7,977	11,311	67,260	15,217	7.8%	11.1%	66.1%	15.0%
Bella Bella	171	1,106,787	192,250	19,294	7,060	148,613	17,283	10.0%	3.7%	77.3%	9.0%
Bella Coola	232	1,143,489	206,461	16,978	18,301	151,662	19,520	8.2%	8.9%	73.5%	9.4%
Campbell River Stores											
Campbell River	005	10,601,322	1,556,226	169,336	244,361	1,005,971	136,558	10.9%	15.7%	64.6%	8.8%
Willow Point	185	3,270,393	572,428	49,624	65,542	413,903	43,359	8.7%	11.4%	72.3%	7.6%
Chemainus	206	2,053,018	340,114	33,135	47,115	237,608	22,256	9.7%	13.9%	69.9%	6.5%
Comox	235	5,007,678	733,234	75,502	150,504	439,309	67,919	10.3%	20.5%	59.9%	9.3%
Courtenay	010	9,608,631	1,403,970	158,319	246,102	868,634	130,915	11.3%	17.5%	61.9%	9.3%
Cumberland	008	1,043,123	216,140	13,749	13,735	174,367	14,289	6.4%	6.3%	80.7%	6.6%
Duncan	012	11,846,854	1,937,666	175,588	279,680	1,271,993	210,405	9.1%	14.4%	65.6%	10.9%
Gabriola Island	134	1,626,699	264,377	21,187	44,932	183,357	14,901	8.0%	17.0%	69.4%	5.6%
Ganges	204	4,594,296	591,310	60,089	159,018	330,547	41,656	10.2%	26.9%	55.9%	7.0%
Gold River	055	863,753	181,931	10,740	8,955	152,445	9,791	5.9%	4.9%	83.8%	5.4%
Ladysmith	024	3,431,402	552,385	57,380	76,568	368,735	49,702	10.4%	13.9%	66.7%	9.0%
Lake Cowichan	067	2,291,947	432,761	32,354	33,738	322,732	43,937	7.5%	7.8%	74.6%	10.1%
Mill Bay	173	3,886,595	579,330	62,178	95,938	377,464	43,750	10.7%	16.6%	65.2%	7.5%
Nanaimo Stores											
Harbour Park	033	4,386,416	634,645	82,157	98,080	415,630	38,778	12.9%	15.5%	65.5%	6.1%
Country Club	159	4,560,474	584,464	90,054	114,031	342,857	37,522	15.4%	19.5%	58.7%	6.4%
Longwood Station	188	5,475,839	740,189	94,426	145,325	454,841	45,597	12.8%	19.6%	61.4%	6.2%
Terminal Park	243	12,197,835	1,690,772	198,645	325,792	943,203	223,132	11.7%	19.3%	55.8%	13.2%
Woodgrove Centre	262	135,714	6,729	2,672	1,976	2,001	80	39.7%	29.4%	29.7%	1.2%
Parksville Stores											
Parksville	042	5,298,236	785,921	86,933	139,015	510,797	49,176	11.1%	17.7%	65.0%	6.2%
Parksville North	157	4,657,049	694,670	77,194	129,906	423,221	64,349	11.1%	18.7%	60.9%	9.3%
Pender Island	155	1,207,777	179,979	15,839	33,876	117,292	12,972	8.8%	18.8%	65.2%	7.2%
Port Alberni Stores											
Port Alberni	040	5,400,812	920,581	83,567	111,508	643,746	81,760	9.1%	12.1%	69.9%	8.9%
Northport	104	3,493,509	600,038	56,926	66,692	426,262	50,158	9.5%	11.1%	71.0%	8.4%
Port Alice	128	584,429	108,773	8,274	7,247	87,582	5,670	7.6%	6.7%	80.5%	5.2%
Port Hardy	236	2,817,430	489,003	40,012	61,050	328,670	59,271	8.2%	12.5%	67.2%	12.1%
Port McNeill	115	2,362,130	372,934	39,377	42,532	253,941	37,084	10.6%	11.4%	68.1%	9.9%
Powell River	041	6,477,023	1,010,129	107,330	150,404	639,043	113,352	10.6%	14.9%	63.3%	11.2%
Qualicum	034	4,509,352	671,774	69,910	135,861	426,587	39,416	10.4%	20.2%	63.5%	5.9%
Sidney	050	8,841,523	1,109,262	141,899	288,558	614,998	63,807	12.8%	26.0%	55.4%	5.8%
Sooke	229	3,468,447	596,755	50,281	71,197	426,695	48,582	8.4%	11.9%	71.5%	8.2%
Tahsis	056	321,092	62,511	4,631	3,195	49,650	5,035	7.4%	5.1%	79.4%	8.1%
Tofino	118	2,170,624	307,221	24,305	56,895	206,871	19,150	7.9%	18.5%	67.4%	6.2%
Ucluelet	216	1,311,067	239,235	17,478	23,485	182,291	15,981	7.3%	9.8%	76.2%	6.7%

		Sales					Litre Product Mix Percentage			
Store Name	Number	Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
Victoria (Greater) Stores											
Trafalgar Square	059	4,445,357	667,614	65,610	128,136	434,321	39,547	9.8%	19.2%	65.1%	5.9%
Esquimalt	068	3,231,529	558,497	50,710	64,437	407,224	36,126	9.1%	11.5%	72.9%	6.5%
Gorge & Tillicum	124	8,805,752	1,483,848	135,997	181,036	1,069,108	97,707	9.2%	12.2%	72.0%	6.6%
Langford	125	6,818,267	1,133,505	109,515	138,910	797,227	87,853	9.7%	12.3%	70.3%	7.7%
Cedar Hill	140	5,904,675	820,524	93,999	177,104	500,101	49,320	11.5%	21.6%	60.9%	6.0%
James Bay	150	3,436,640	478,656	52,032	118,340	282,766	25,518	10.9%	24.7%	59.1%	5.3%
Blanshard Square	161	9,171,008	1,558,332	130,623	175,370	1,142,585	109,754	8.4%	11.3%	73.3%	7.0%
Fairfield	178	4,352,839	552,868	53,073	178,195	296,088	25,512	9.6%	32.2%	53.6%	4.6%
Broadmead Village	181	6,507,535	868,242	95,582	210,248	507,078	55,334	11.0%	24.2%	58.4%	6.4%
Eaton Centre	184	3,897,249	447,877	66,282	96,893	245,334	39,368	14.8%	21.6%	54.8%	8.8%
Fort Street	218	14,411,208	1,694,530	164,197	469,591	971,932	88,810	9.7%	27.7%	57.4%	5.2%
Colwood	219	3,868,661	674,139	57,320	82,377	485,248	49,194	8.5%	12.2%	72.0%	7.3%
Government Street Licensee	231	16,694,870	1,724,796	226,384	596,594	569,747	332,071	13.1%	34.6%	33.0%	19.3%
Saanich	242	7,624,036	1,165,907	113,240	197,878	774,907	79,882	9.7%	17.0%	66.5%	6.8%
Victoria Gift Store	261	142,721	7,182	2,581	2,916	1,567	118	35.9%	40.6%	21.8%	1.7%
MAINLAND/SOUTHWEST											
Abbotsford Stores											
Abbotsford	001	7,027,923	1,043,743	118,984	166,173	645,789	112,797	11.4%	15.9%	61.9%	10.8%
Abbotsford Village	189	5,475,895	824,397	87,568	126,193	556,526	54,110	10.6%	15.3%	67.5%	6.6%
Sevenoaks	263	184,924	10,064	4,317	2,980	2,673	94	42.9%	29.6%	26.6%	0.9%
Agassiz	064	2,740,926	448,246	37,420	64,365	304,514	41,947	8.3%	14.4%	67.9%	9.4%
Aldergrove	109	6,242,523	1,000,675	106,800	123,079	687,345	83,451	10.7%	12.3%	68.7%	8.3%
Burnaby Stores											
Lougheed Plaza	077	8,869,489	1,287,279	130,757	241,036	812,874	102,612	10.2%	18.7%	63.1%	8.0%
Royal Oak & Rumble	121	4,532,884	660,950	71,616	116,685	423,682	48,967	10.8%	17.7%	64.1%	7.4%
Kensington	137	4,250,806	633,295	58,858	127,458	416,095	30,884	9.3%	20.1%	65.7%	4.9%
Brentwood Mall	187	2,602,780	365,398	38,174	63,720	244,168	19,336	10.5%	17.4%	66.8%	5.3%
South Burnaby	203	5,509,503	804,783	79,267	161,760	516,211	47,545	9.9%	20.1%	64.1%	5.9%
North Burnaby	217	7,714,191	1,208,117	107,738	198,118	836,362	65,899	8.9%	16.4%	69.2%	5.5%
Middlegate	220	8,040,509	1,285,503	127,271	161,833	924,208	72,191	9.9%	12.6%	71.9%	5.6%
Chilliwack Stores											
Chilliwack	007	10,334,129	1,712,337	166,868	196,825	1,163,153	185,491	9.8%	11.5%	67.9%	10.8%
Chilliwack Mall	170	6,991,537	1,057,826	123,185	154,012	698,494	82,135	11.6%	14.6%	66.0%	7.8%
Clearbrook	149	9,908,668	1,365,054	208,698	179,775	866,174	110,407	15.3%	13.2%	63.4%	8.1%
Coquitlam Stores											
Como Lake	153	4,741,448	694,676	64,817	140,117	443,196	46,546	9.3%	20.2%	63.8%	6.7%
Austin Road	200	6,365,634	1,026,763	96,917	151,078	725,733	53,035	9.4%	14.7%	70.7%	5.2%

Store Name	Number	Sales						Litre Product Mix Percentage			
		Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
Delta Stores											
Scottsdale	145	10,514,644	1,302,115	220,822	222,621	772,131	86,541	17.0%	17.1%	59.3%	6.6%
Kennedy Heights	241	10,528,508	1,421,327	234,702	144,529	949,144	92,952	16.5%	10.2%	66.8%	6.5%
Ladner	025	7,640,692	1,067,834	115,187	243,465	638,126	71,056	10.8%	22.8%	59.8%	6.6%
Tsawwassen	098	6,776,910	900,444	91,889	239,355	521,771	47,429	10.2%	26.6%	57.9%	5.3%
Fort Langley	127	2,036,903	323,307	29,047	50,659	225,778	17,823	9.0%	15.7%	69.8%	5.5%
Gibsons	080	4,776,214	752,125	68,723	129,129	504,294	49,979	9.1%	17.2%	67.1%	6.6%
Haney	065	8,108,912	1,187,865	141,250	195,318	742,140	109,157	11.9%	16.4%	62.5%	9.2%
Hope	071	3,692,127	709,868	52,455	52,916	549,971	54,526	7.4%	7.4%	77.5%	7.7%
Langley Stores											
Langley	022	8,554,308	1,218,900	153,430	219,118	743,437	102,915	12.6%	18.0%	61.0%	8.4%
Willowbrook	158	10,163,694	1,471,969	170,550	244,065	929,169	128,185	11.6%	16.6%	63.1%	8.7%
Walnut Grove	186	4,755,148	686,618	72,101	130,472	424,645	59,400	10.5%	19.0%	61.8%	8.7%
Lillooet	023	1,995,010	388,878	24,861	29,640	304,916	29,461	6.4%	7.6%	78.4%	7.6%
Maderia Park	093	1,836,831	271,366	29,394	45,564	175,314	21,094	10.8%	16.8%	64.6%	7.8%
West Maple Ridge	164	8,468,374	1,283,503	139,952	196,232	843,535	103,784	10.9%	15.3%	65.7%	8.1%
Mission Plaza	027	7,895,810	1,261,306	136,696	144,514	879,657	100,439	10.8%	11.5%	69.7%	8.0%
New Westminster Stores											
New Westminster	031	10,349,506	1,511,833	176,429	227,124	999,567	108,713	11.7%	15.0%	66.1%	7.2%
Royal Square	097	5,616,023	817,233	83,331	163,444	497,705	72,753	10.2%	20.0%	60.9%	8.9%
North Vancouver Stores											
North Vancouver	030	8,681,205	1,359,905	105,144	269,766	868,258	116,737	7.7%	19.8%	63.9%	8.6%
Westview	107	11,115,304	1,478,614	137,874	355,168	910,198	75,374	9.3%	24.0%	61.6%	5.1%
Dollarton Village	133	4,979,444	664,731	59,296	177,627	393,015	34,793	8.9%	26.7%	59.1%	5.3%
Capilano Mall	152	4,713,024	624,461	66,348	160,678	364,647	32,788	10.6%	25.7%	58.4%	5.3%
Lynn Valley	247	9,688,948	1,368,986	120,972	325,156	840,536	82,322	8.8%	23.8%	61.4%	6.0%
Pemberton	101	2,152,517	410,856	21,449	41,539	309,772	38,096	5.2%	10.1%	75.4%	9.3%
Pitt Meadows	165	3,413,074	506,235	58,897	71,420	318,004	57,914	11.6%	14.1%	62.8%	11.5%
Port Coquitlam Stores											
Port Coquitlam	011	5,905,665	956,949	85,835	139,498	644,346	87,270	9.0%	14.6%	67.3%	9.1%
Prairie Mall	089	3,926,939	683,912	58,077	77,629	505,491	42,715	8.5%	11.4%	73.9%	6.2%
Westwood Centre	163	13,862,690	1,946,188	199,248	334,290	1,279,170	133,480	10.2%	17.2%	65.7%	6.9%
Port Moody	205	4,683,575	686,074	65,304	142,922	426,498	51,350	9.5%	20.8%	62.2%	7.5%
Richmond Stores											
Brighouse	076	9,526,039	1,317,352	132,811	253,584	872,262	58,695	10.1%	19.2%	66.2%	4.5%
Ironwood	120	4,293,180	610,380	62,993	124,801	378,346	44,240	10.3%	20.5%	62.0%	7.2%
Blundell Centre	176	6,641,193	891,806	85,516	224,270	520,134	61,886	9.6%	25.2%	58.3%	6.9%
Garden City	180	3,991,489	583,122	62,741	108,294	384,803	27,284	10.7%	18.6%	66.0%	4.7%
Richmond Centre	264	245,838	11,819	3,527	5,087	3,127	78	29.8%	43.0%	26.5%	0.7%
Seafair	244	7,348,899	1,099,362	94,843	239,881	682,821	81,817	8.6%	21.8%	62.1%	7.5%
Sechelt	230	5,379,293	768,368	82,214	157,888	466,570	61,696	10.7%	20.6%	60.7%	8.0%
Squamish	208	5,457,346	911,675	76,914	108,672	640,498	85,591	8.4%	11.9%	70.3%	9.4%

		Sales					Litre Product Mix Percentage			
Store Name	**Number**	**Retail $**	**Litres**	**Spirits**	**Wine**	**Beer**	**Cider/ Coolers**	**Spirits**	**Wine**	**Beer**	**Cider/ Coolers**
Surrey Stores											
Cloverdale	070	6,452,101	993,302	107,448	136,774	665,008	84,072	10.8%	13.8%	66.9%	8.5%
Ocean Park	110	4,853,276	597,722	62,127	180,834	328,846	25,915	10.4%	30.3%	55.0%	4.3%
North Surrey	116	7,509,408	1,129,553	149,230	109,492	762,472	108,359	13.2%	9.7%	67.5%	9.6%
Whalley	122	8,362,884	1,363,674	141,162	139,083	973,043	110,386	10.3%	10.2%	71.4%	8.1%
Newton	172	10,042,889	1,430,841	207,917	166,844	953,690	102,390	14.5%	11.7%	66.7%	7.1%
Fleetwood	182	8,656,702	1,250,343	162,476	183,552	822,286	82,029	13.0%	14.7%	65.8%	6.5%
Peninsula Village	183	10,456,921	1,468,124	136,143	313,269	953,045	65,667	9.3%	21.3%	64.9%	4.5%
Guildford	240	7,360,488	989,969	134,415	173,379	611,161	71,014	13.6%	17.5%	61.7%	7.2%
Vancouver Stores											
Marpole	038	5,604,799	790,354	72,549	159,692	518,111	40,002	9.2%	20.2%	65.5%	5.1%
Harbour Centre	053	4,347,307	598,365	68,386	93,739	402,815	33,425	11.4%	15.7%	67.3%	5.6%
Hastings & Slocan	058	6,685,164	1,141,223	86,528	142,207	842,001	70,487	7.6%	12.4%	73.8%	6.2%
Victoria Drive	087	7,120,157	1,140,907	114,713	122,875	847,885	55,434	10.1%	10.8%	74.3%	4.8%
Jericho Village	090	8,801,223	1,166,285	95,035	283,372	724,951	62,927	8.1%	24.3%	62.2%	5.4%
Bute Street	094	5,482,716	855,653	70,798	145,559	582,462	56,834	8.3%	17.0%	68.1%	6.6%
Broadway & Lillooet Licensee	100	84,600,390	4,913,497	1,439,255	2,487,439	220,638	766,165	29.3%	50.6%	4.5%	15.6%
Dunbar	102	9,399,288	1,001,716	76,550	352,702	534,151	38,313	7.7%	35.2%	53.3%	3.8%
Commercial Drive	111	8,299,031	1,303,990	91,367	231,532	883,213	97,878	7.0%	17.8%	67.7%	7.5%
Cardero	112	7,654,383	1,022,274	100,629	233,114	625,414	63,117	9.8%	22.8%	61.2%	6.2%
Collingwood Kingsway	113	10,654,309	1,743,634	151,603	220,868	1,282,379	88,784	8.7%	12.7%	73.5%	5.1%
Broadway & Maple	117	13,277,950	1,765,408	143,233	424,526	1,102,613	95,036	8.1%	24.0%	62.5%	5.4%
Kingsgate Mall	123	7,011,751	1,319,777	82,876	132,526	1,034,981	69,394	6.3%	10.0%	78.4%	5.3%
Thurlow & Alberni	129	11,901,061	1,181,968	92,589	389,088	635,482	64,809	7.8%	32.9%	53.8%	5.5%
Arbutus	136	5,004,016	469,589	59,660	202,025	189,309	18,595	12.7%	43.0%	40.3%	4.0%
10th & Granville	141	2,454,014	305,853	27,287	85,526	177,155	15,885	8.9%	28.0%	57.9%	5.2%
18th & Cambie	146	3,651,383	513,579	33,768	123,198	329,148	27,465	6.6%	24.0%	64.1%	5.3%
39th & Cambie	160	27,706,155	2,374,486	252,574	809,136	1,207,949	104,827	10.6%	34.1%	50.9%	4.4%
Crossroads	177	4,641,019	590,056	50,337	154,845	356,062	28,812	8.5%	26.2%	60.4%	4.9%
Spirits on Robson	190	638,913	16,946	13,124	3,822	-	-	77.4%	22.6%	0.0%	0.0%
Kerrisdale	210	1,224,731	145,088	17,451	40,635	80,211	6,791	12.0%	28.0%	55.3%	4.7%
Robson Street	233	10,709,862	1,501,214	125,441	305,458	981,250	89,065	8.4%	20.3%	65.4%	5.9%
28th & Main	237	4,955,571	841,861	64,390	100,328	639,091	38,052	7.7%	11.9%	75.9%	4.5%
Pacific Centre	260	425,636	22,631	5,249	9,076	7,606	700	23.2%	40.1%	33.6%	3.1%
Broadway & Lillooet	300	7,202,074	1,417,815	54,182	110,796	1,207,802	45,035	3.8%	7.8%	85.2%	3.2%
West Vancouver Stores											
Ambleside	072	7,491,354	717,305	83,951	300,768	307,534	25,052	11.7%	41.9%	42.9%	3.5%
Caulfield	175	5,987,572	606,426	54,953	245,693	271,943	33,837	9.1%	40.5%	44.8%	5.6%
Park Royal	228	14,278,348	1,189,222	118,479	486,657	545,122	38,964	10.0%	40.9%	45.8%	3.3%
Whistler Stores											
Whistler Marketplace	179	11,558,392	1,295,874	109,338	327,454	784,517	74,565	8.4%	25.3%	60.5%	5.8%
Whistler	302	6,462,088	863,537	77,953	125,719	608,592	51,273	9.0%	14.6%	70.5%	5.9%
White Rock	006	8,174,300	1,060,545	125,868	279,862	582,701	72,114	11.9%	26.4%	54.9%	6.8%

		Sales					Litre Product Mix Percentage			
Store Name	Number	Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
THOMPSON/OKANAGAN											
Armstrong	215	2,204,344	370,962	37,564	38,921	263,626	30,851	10.1%	10.5%	71.1%	8.3%
Ashcroft	002	838,856	156,870	12,615	12,530	121,858	9,867	8.0%	8.0%	77.7%	6.3%
Barriere	138	1,074,834	210,046	16,079	11,712	168,099	14,156	7.7%	5.6%	80.0%	6.7%
Cache Creek	060	1,152,238	205,319	17,928	18,127	146,076	23,188	8.7%	8.8%	71.2%	11.3%
Chase	226	3,710,956	516,386	74,294	66,989	299,266	75,837	14.4%	13.0%	57.9%	14.7%
Clearwater	088	2,139,929	381,962	32,546	31,222	290,329	27,865	8.5%	8.2%	76.0%	7.3%
Clinton	201	1,027,915	186,930	16,711	13,111	144,926	12,182	9.0%	7.0%	77.5%	6.5%
Enderby	049	1,844,123	320,438	32,307	26,137	237,128	24,866	10.1%	8.1%	74.0%	7.8%
Golden	016	3,492,301	586,774	45,116	61,026	441,453	39,179	7.7%	10.4%	75.2%	6.7%
Kamloops Stores											
Thompson Park	021	2,596,971	365,821	50,215	56,078	238,560	20,968	13.7%	15.3%	65.3%	5.7%
Columbia Place	079	11,125,425	1,505,966	181,958	269,340	910,148	144,520	12.1%	17.9%	60.4%	9.6%
Valleyview	108	3,711,754	584,719	65,455	72,646	395,208	51,410	11.2%	12.4%	67.6%	8.8%
Westsyde	147	1,497,387	278,021	23,359	22,817	217,994	13,851	8.4%	8.2%	78.4%	5.0%
Kamloops North	223	10,204,556	1,733,092	179,345	142,416	1,246,699	164,632	10.4%	8.2%	71.9%	9.5%
Kelowna Stores											
Bernard	020	2,151,527	323,391	35,497	47,432	221,522	18,940	11.0%	14.7%	68.5%	5.8%
Gordon & Harvey	103	5,045,162	798,284	87,410	108,691	558,099	44,084	11.0%	13.6%	69.9%	5.5%
Westbank	143	7,632,190	1,185,758	130,720	165,764	786,195	103,079	11.0%	14.0%	66.3%	8.7%
Mission Park	148	6,275,889	918,430	102,888	163,633	601,060	50,849	11.2%	17.8%	65.5%	5.5%
Orchard Park	167	19,940,057	2,513,408	336,546	474,950	1,367,242	334,670	13.4%	18.9%	54.4%	13.3%
Willow Park	246	5,392,346	953,733	93,351	77,556	729,986	52,840	9.8%	8.1%	76.6%	5.5%
Keremeos	019	1,363,277	251,313	20,612	23,625	190,036	17,040	8.2%	9.4%	75.6%	6.8%
Logan Lake	139	690,440	114,165	12,247	12,704	81,047	8,167	10.7%	11.1%	71.0%	7.2%
Lumby	214	1,557,624	284,594	25,697	17,157	217,407	24,333	9.0%	6.0%	76.4%	8.6%
Lytton	209	654,185	136,151	8,182	8,103	108,390	11,476	6.0%	6.0%	79.6%	8.4%
Merritt	029	3,694,858	648,060	58,344	63,034	456,190	70,492	9.0%	9.7%	70.4%	10.9%
Oliver	069	2,560,683	414,947	45,842	44,789	295,890	28,426	11.0%	10.8%	71.3%	6.9%
Osoyoos	083	3,473,020	545,507	58,301	73,393	361,645	52,168	10.7%	13.4%	66.3%	9.6%
Penticton Stores											
Penticton Martin	039	5,491,281	816,167	96,846	123,455	531,890	63,976	11.9%	15.1%	65.2%	7.8%
Penticton Plaza	130	8,219,486	1,299,947	133,322	195,880	863,875	106,870	10.3%	15.1%	66.4%	8.2%
Princeton	037	2,439,652	457,512	36,859	34,060	357,585	29,008	8.1%	7.4%	78.2%	6.3%
Revelstoke	045	3,191,016	484,428	47,084	68,303	330,729	38,312	9.7%	14.1%	68.3%	7.9%
Salmon Arm	048	6,795,056	994,387	127,482	137,655	635,968	93,282	12.8%	13.8%	64.0%	9.4%
Sicamous	092	1,929,567	299,521	36,382	28,824	197,776	36,539	12.2%	9.6%	66.0%	12.2%
Summerland	086	3,488,563	624,180	48,009	74,849	461,305	40,017	7.7%	12.0%	73.9%	6.4%
Vernon Stores											
Vernon	062	6,345,225	935,106	116,483	135,889	616,430	66,304	12.5%	14.5%	65.9%	7.1%
Vernon Square	135	9,720,599	1,400,932	176,391	208,207	873,541	142,793	12.6%	14.9%	62.3%	10.2%
Winfield	166	3,372,017	559,051	54,543	68,981	391,536	43,991	9.8%	12.3%	70.0%	7.9%

		Sales					Litre Product Mix Percentage			
Store Name	Number	Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
KOOTENAY											
Castlegar	078	4,713,589	786,420	79,594	86,782	553,324	66,720	10.1%	11.0%	70.4%	8.5%
Cranbrook	009	8,438,968	1,297,918	159,559	157,098	874,175	107,086	12.3%	12.1%	67.4%	8.2%
Creston Valley Mall	075	4,871,713	969,875	69,329	66,042	787,157	47,347	7.1%	6.8%	81.2%	4.9%
Elkford	131	640,451	119,870	10,951	6,715	97,851	4,353	9.1%	5.6%	81.7%	3.6%
Fernie	013	3,780,940	651,249	51,606	65,483	497,101	37,059	7.9%	10.1%	76.3%	5.7%
Fruitvale	095	1,258,926	255,484	16,464	19,932	205,477	13,611	6.5%	7.8%	80.4%	5.3%
Grand Forks	015	3,415,265	541,058	57,581	74,166	360,756	48,555	10.6%	13.7%	66.7%	9.0%
Greenwood	014	372,268	74,082	5,099	4,904	59,362	4,717	6.9%	6.6%	80.1%	6.4%
Invermere	017	4,954,576	814,549	69,131	102,440	578,364	64,614	8.5%	12.6%	71.0%	7.9%
Kaslo	018	1,292,696	244,420	16,323	22,651	190,398	15,048	6.7%	9.3%	77.9%	6.1%
Kimberley	066	3,049,000	496,647	51,667	57,759	346,824	40,397	10.4%	11.6%	69.9%	8.1%
Nakusp	202	1,737,429	319,909	24,768	26,002	249,457	19,682	7.7%	8.1%	78.0%	6.2%
Nelson	032	7,907,483	1,188,007	115,421	190,762	784,499	97,325	9.7%	16.1%	66.0%	8.2%
New Denver	074	473,774	92,534	5,312	9,074	72,241	5,907	5.7%	9.8%	78.1%	6.4%
Radium	245	1,699,873	318,330	20,577	30,254	248,520	18,979	6.5%	9.5%	78.1%	5.9%
Rossland	044	1,710,466	278,753	20,973	43,498	199,812	14,470	7.5%	15.6%	71.7%	5.2%
Salmo	207	953,959	195,397	13,825	9,065	161,564	10,943	7.1%	4.6%	82.7%	5.6%
Sparwood	028	1,166,674	209,207	20,933	11,627	165,462	11,185	10.0%	5.6%	79.1%	5.3%
Trail	051	3,806,966	624,356	60,694	103,907	413,061	46,694	9.7%	16.6%	66.2%	7.5%
CARIBOO											
100 Mile House	221	5,283,964	766,573	102,346	111,461	482,968	69,798	13.4%	14.5%	63.0%	9.1%
Mackenzie	106	2,168,220	369,947	37,699	25,783	279,207	27,258	10.2%	6.9%	75.5%	7.4%
McBride	026	716,886	140,153	10,216	7,453	117,276	5,208	7.3%	5.3%	83.7%	3.7%
Prince George Stores											
Hart Highway	114	2,854,623	496,887	51,250	33,590	386,685	25,362	10.3%	6.8%	77.8%	5.1%
10th Avenue	126	9,948,390	1,629,518	184,293	131,858	1,222,385	90,982	11.3%	8.1%	75.0%	5.6%
College Heights	154	3,513,096	606,620	57,790	52,718	465,570	30,542	9.5%	8.7%	76.8%	5.0%
Parkwood Place	174	11,681,675	1,630,776	202,625	269,116	935,017	224,018	12.4%	16.5%	57.4%	13.7%
Quesnel	043	6,814,468	1,021,965	131,891	117,933	670,384	101,757	12.9%	11.5%	65.6%	10.0%
Valemount	096	1,156,563	190,875	16,670	16,922	148,301	8,982	8.7%	8.9%	77.7%	4.7%
Williams Lake	063	8,487,038	1,167,571	171,998	178,341	662,924	154,308	14.7%	15.3%	56.8%	13.2%
NORTH COAST											
Hazelton	227	1,266,919	269,041	13,572	15,631	210,340	29,498	5.0%	5.8%	78.2%	11.0%
Kitimat	213	3,288,790	560,636	51,582	60,379	409,198	39,477	9.2%	10.8%	73.0%	7.0%
Masset	105	1,667,181	300,320	21,178	33,125	227,066	18,951	7.1%	11.0%	75.6%	6.3%
Prince Rupert	035	6,053,392	929,973	101,070	115,608	631,550	81,745	10.9%	12.4%	67.9%	8.8%
Queen Charlotte City	211	1,624,274	275,216	22,896	27,956	206,654	17,710	8.3%	10.2%	75.1%	6.4%
Stewart	047	491,798	84,741	8,671	6,457	65,392	4,221	10.2%	7.6%	77.2%	5.0%
Terrace	052	7,608,319	1,240,863	123,811	139,556	856,252	121,244	10.0%	11.2%	69.0%	9.8%

		Sales						Litre Product Mix Percentage			
Store Name	Number	Retail $	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
NECHAKO											
Burns Lake	073	2,093,807	324,881	40,159	30,708	223,688	30,326	12.4%	9.4%	68.9%	9.3%
Fort St. James	248	1,892,756	336,289	31,449	21,894	256,204	26,742	9.4%	6.5%	76.2%	7.9%
Fraser Lake	091	937,322	160,395	16,063	13,162	119,747	11,423	10.0%	8.2%	74.7%	7.1%
Houston	099	1,679,874	282,005	30,134	16,340	207,656	27,875	10.7%	5.8%	73.6%	9.9%
Smithers	046	4,730,484	723,257	77,499	94,963	482,618	68,177	10.7%	13.1%	66.8%	9.4%
Vanderhoof	081	2,208,326	366,768	37,170	35,419	255,926	38,253	10.1%	9.7%	69.8%	10.4%
PEACE RIVER											
Chetwynd	238	1,843,039	339,059	29,588	16,748	262,970	29,753	8.7%	4.9%	77.6%	8.8%
Dawson Creek	212	5,164,387	836,530	97,148	76,263	594,703	68,416	11.6%	9.1%	71.1%	8.2%
Fort Nelson	222	3,349,225	477,736	73,110	33,621	329,403	41,602	15.3%	7.0%	69.0%	8.7%
Fort St. John	003	8,988,034	1,305,198	187,064	109,883	883,949	124,302	14.3%	8.4%	67.8%	9.5%
Hudson Hope	234	516,516	102,552	7,345	4,375	86,848	3,984	7.2%	4.2%	84.7%	3.9%
Tumbler Ridge	169	638,132	113,083	10,676	6,851	86,743	8,813	9.4%	6.1%	76.7%	7.8%
Grand Total		**1,273,247,992**	**178,381,219**	**19,374,896**	**31,324,797**	**113,825,386**	**13,856,140**	**10.9%**	**17.6%**	**63.8%**	**7.7%**

Legislation

Liquor Distribution Act (British Columbia)
The *Liquor Distribution Act* gives the Liquor Distribution Branch "the sole right to purchase, both in and out of British Columbia, liquor for sale and reuse in British Columbia in accordance with the provisions of the *Importation of Intoxicating Liquors Act* (Canada)." The Act further specifies that the minister must appoint a general manager, and the general manager is responsible for administering the Act, including the general control, management and supervision of liquor stores, subject to the orders, directions and supervision of the minister. The Act further clarifies the powers of the general manager and delineates the administration of the LDB and the operation of its liquor stores.

Importation of Intoxicating Liquors Act (Canada)
This Act governs interprovincial and international traffic of intoxicating liquors in Canada. The Act states that no person shall import, or cause to be imported, any intoxicating liquor into any province from or out of any place within or outside Canada. One exception to this provision is liquor that has been purchased by and is consigned to the government of the province into which it is being imported, or any governmental agency that, by the law of the province, is vested with the right of selling intoxicating liquor. Other exceptions exist for specific manufacturers under specific circumstances. The Act also states that any person who contravenes any of its provisions is liable to prosecution and conviction.

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1999-2000 Annual Report
BC Liquor Stores Location Guide (brochure)
BC Liquor Stores Product Guide (monthly)
Matters of Taste, A Magazine from BC Liquor Stores (quarterly)
Pregnant? Did you know that alcohol can hurt your baby? (brochure)
Quarterly Market Review
Serving You Straight Up (newsletter for licensees)
Supplyline (newsletter for suppliers and agents)
Three Year Corporate Strategy, A Performance Plan for 2001-2004
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